



Cost Accounting Manager

For healthcare organizations to maintain financial stability, it's imperative that they understand the costs of the services they provide. HCC's Cost Accounting Manager provides that understanding by generating charge-item level cost information.

This decision support software application integrates with the patient database of HCC's Contract Manager and Best Practice Manager applications to analyze the cost of patient care by procedure, department, program, product line, payer, physician, and patient. With Cost Accounting Manager, you can easily calculate, report, and monitor the costs associated with the provision of care.

How Cost Accounting Manager Works

Cost Accounting Manager enables you to determine the detailed cost of resources consumed for all services or procedures (e.g., a chest X-ray) by generating charge-item level costs using any combination of costing methodologies—including ratio of cost to charges (RCC), relative value unit (RVU), and engineered standards. By applying these charge-item costs to actual patient encounter data, you get the information necessary to analyze the cost of patient care services. HCC's Cost Accounting Manager supports reclassifications of general ledger amounts to accurately match costs to revenues, and prevents the accidental exclusion of expenses by using default cost capture and allocation methods.

Support for Multiple Methodologies

Cost Accounting Manager supports both actual costing (full costing and direct costing) and standard costing methodologies. With the actual costing method, you can use actual or budgeted expenses to calculate cost, while standard costing lets you determine labor costs using standard rates. Cost Accounting Manager also provides variance reporting to compare actual and standard costs.



*Managing the Costs
of Healthcare*



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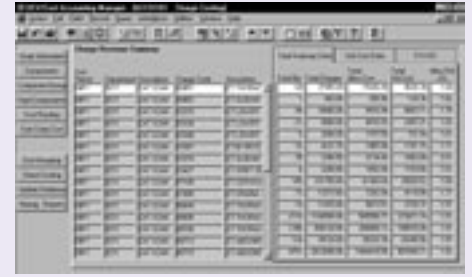
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Indirect and Direct Cost Allocation

Cost Accounting Manager utilizes a multiple iteration step-down process to allocate indirect department costs. It allows you to define up to 9,999 allocation steps and assign either automatic or manual allocation statistics to each step.

General ledger level costs are grouped into user-defined cost components for direct, indirect, fixed, and variable costs. Each cost component is linked to a user-defined set of charge-item level allocation statistics. Cost Accounting Manager calculates costs for every charge item/activity at the component level, providing additional element detail as desired. In addition, it supports the use of multiple allocation methodologies for different types of expenses. As an example, you may use an engineered standard for labor, an RVU for supplies, and RCCs for miscellaneous expenses. You even have the option of combining multiple methods within a single department.



The Charge Costing screen displays charge item level cost data for a specific cost accounting period. Both allocated costs and standard costs are displayed on a summary total and a per unit basis. Drill-downs can be done within a charge item to view cost at the component level, showing each category of cost.



The Overhead Allocation screen displays the direct and indirect cost for an entire cost accounting period, at the department level, and at the general ledger account level within each department.

- Calculate charge-item level cost information at a user-defined level of direct, indirect, fixed, and variable cost detail
- Overhead cost allocation process utilizes user-defined groupings of indirect costs and allocation statistics
- Supports multiple costing methodologies, including ratio of cost to charges (RCC), relative value units (RVU), and engineered standards
- Default cost capture and allocation mechanisms prevent accidental exclusion of costs
- Daily interface of charge-item costs to the HCC patient database ensures timely, accurate cost information

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